

Message Text

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AMEMBASSY CAIRO
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C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 3146

T.O. 11652: GDS
TAGS: ELAB, PINS, ECON, IS
SUBJECT: HISTADRUT LOOKS PAST IMMEDIATE ELECTION PROBLEMS AT FUTURE
LABOR PARTY CHANGES

REF: TEL AVIV 3010

SUMMARY: HISTADRUT SOURCES HAVE DESCRIBED FUNDAMENTAL
CHANGES TAKING PLACE IN THEIR ORGANIZATION AND IN THE LABOR
PARTY AND IN THE RELATIONSHIPS BETWEEN THE TWO. THESE
ORGANIZATIONAL CHANGES, AND CHANGES IN HISTADRUT LEADER-
SHIP POSITIONS, WILL COINCIDE WITH INCREASED CONFLICTS
BETWEEN HISTADRUT AND THE NEXT GOVERNMENT AS LABOR AND
SOCIAL PROBLEMS ARE CONFRONTED. END SUMMARY

1. AS INDICATED IN REFTL, HISTADRUT LEADERS ARE ALREADY
LOOKING BEYOND THE ELECTION CAMPAIGN AT THE SHAPE OF THE
LABOR PARTY, THE NEXT KNESSET, AND THE NEW GOVERNMENT
COALITION LIKELY TO EMERGE AND ASK THEMSELVES HOW THE
NEW CONSTELLATION OF FORCES MAY EFFECT THEIR INTERESTS.
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ALTHOUGH NEARLY EVERYONE EXPRESSES CAVEATS
WHEN PREDICTING THE ELECTION OUTCOME, HISTADRUT AND
LABOR PARTY OFFICIALS ASSUME THAT THE ALIGNMENT IS
LIKELY TO REMAIN THE LARGEST POLITICAL BLOC AND
WILL THUS LEAD THE NEXT GOVERNMENT COALITION.

2. BOTH HISTADRUT AND LABOR PARTY OFFICIALS HAVE

RECENTLY COMMENTED TO EMBASSY OFFICERS THAT IN THE WAKE OF THE LABOR PARTY LEADERSHIP STRUGGLE AND THE SUDDEN AND UNEXPECTED SWITCH FROM RABIN TO PERES, THERE HAS BEEN A NOTABLE RE-ALIGNMENT OF FORCES WITHIN THE PARTY. FACTIONAL REGROUPINGS CENTER LESS AROUND FORMER IDEOLOGICAL ALIGNMENTS SUCH AS RAFI, ACHFUT AVODA, AND MAPAI, THAN GENERATION LINES, SUCH AS SHILUV OR THE YOUNG GUARD (THE FORMER IS AN ACTIVIST GROUP WITHIN THE PARTY COMPOSED OF GRADUATES OF THE YOUNG GUARD) OR SPECIAL INTERESTS, SUCH AS HISTADRUT, THE KIBBUTZIM AND MOSHAVIM, WOMEN, ETC. WHILE THE OLD FACTIONAL IDENTITIES WILL NOT BE ENTIRELY EFFACED, NEITHER THEY NOR PAST PARTISAN SUPPORT FOR PERES OR RABIN ARE LIKELY TO BE THE MOST IMPORTANT FACTORS IN DETERMINING HOW THE NEW PARTY FACTIONS WILL LINE UP ON SPECIFIC ISSUES. THEY WILL ALMOST CERTAINLY NOT BE AS STABLE AS THE OLD GROUPS, BUT WILL BE QUITE ASSERTIVE WITHIN THE PARTY ORGANIZATION, ESPECIALLY THE EXECUTIVE BUREAU, AND WITHIN THE PARLIAMENTARY LABOR PARTY AND THE ALIGNMENT.

3. WE HAVE BEEN TOLD BY A MEMBER OF THE PARTY'S EXECUTIVE BUREAU THAT THE 51 MEMBER BUREAU WILL BECOME THE CENTRAL FORUM FOR WORKING OUT FACTIONAL CONFLICTS AND PROBLEMS ARISING BETWEEN THE PARTY, THE HISTADRUT, AND CABINET MEMBERS OVER POLICY. PERES AND THE NEXT PARTY SECRETARY GENERAL--PROBABLY UZI BARAM--CAN BE EXPECTED TO PLAY ACTIVE AND CONFIDENTIAL

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AUTHORITATIVE ROLES IN THE PROCESS OF WORKING OUT PARTY CONSENSUS. (COMMENT: THIS INTENTION TO MAKE THE EXECUTIVE BUREAU THE CENTRAL DECISION-MAKING BODY OF THE PARTY PROBABLY REFLECTS THE CONCERN OF PARTY REGULARS OVER RABIN'S NON-USE OF PARTY INSTITUTIONS AND THEIR DESIRE TO RE-ESTABLISH THE PARTY ORGANIZATIONS.)

4. THREE MAJOR QUESTIONS ARE LIKELY TO ARISE IN THE COURSE OF FORMING A NEW COALITION WHICH MAY SET THE TONE FOR LABOR PARTY-HISTADRUT RELATIONS: (A) THE SELECTION OF THE NEXT FINANCE MINISTER WITH HIS CONSIDERABLE POWERS OVER ECONOMIC AND SOCIAL POLICY. HISTADRUT AND THE YOUNG ACTIVISTS WILL ALMOST CERTAINLY INSIST THAT THE LABOR PARTY RETAIN CONTROL OVER THAT MINISTRY AT ALL COST; THEY WANT THAT POST TO GO TO YAACOV LEVINSON, FORMER CHAIRMAN OF THE BANK HAPOALIM. (WE HAVE ALSO HEARD TRANSPORT MINISTER YAACOB'S NAME

MENTIONED.) HOWEVER, THAT
MINISTRY MAY BE CLAIMED BY THE DMC AS AN
ESSENTIAL CONDITION FOR ENTERING A COALITION WITH
THE ALIGNMENT, ESPECIALLY SINCE PERES HAS ALREADY
PUBLICLY COMMITTED FOREIGN AFFAIRS AND DEFENSE
TO THE TOP LABOR CANDIDATES. (B) THE RELATION WITH
MAPAM IN THE CABINET, AND OTHER POLICY POSITIONS
IT WILL BE GIVEN, ARE BOUND TO BE OF CONSIDERABLE
IMPORTANCE TO THE HISTADRUT, WHICH FINDS IN MAPAM
A STRONG ALLY IN PRESERVING ITS CONTROL OVER SOCIAL
AND HEALTH INSURANCE AND THE LABOR SECTOR OF THE
ECONOMY; AND (C) THE QUESTION OF REQUESTING CABINET
MEMBERS TO GIVE UP THEIR KNESSSET SEATS, THUS MAKING
ROOM FOR ADDITIONAL REPRESENTATIVE OF SEVERAL IM-
PORTANT PARTY GROUPS. PARTY DISCUSSIONS OVER THIS
ISSUE COULD ALSO REVIVE THE QUESTION OF WHETHER
HISTADRUT SECRETARY GENERAL MESHEL SHOULD BE PER-
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MITTED TO ASSUME HIS KNESSSET SEAT, DESPITE A PARTY
CONVENTION RECOMMENDATION OPPOSING THE SIMULTANEOUS
HOLDING OF A KNESSSET SEAT AND OTHER ELECTIVE OFFICES,
WHICH STILL AWAITS PARTY CENTRAL COMMITTEE APPROVAL.

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5. GIVEN THE CRITICAL SITUATION OF THE ISRAELI LABOR SCENE, THERE IS ALSO THE POSSIBILITY OF A LEADERSHIP STRUGGLE WITHIN THE HISTADRUT. ALTHOUGH MESHEL PRESENTLY APPEARS ASSURED OF BOTH A KNESSET SEAT AND RE-ELECTION AS SECRETARY GENERAL AT THE HISTADRUT CONVENTION IN SEPTEMBER, A SERIOUS CHALLENGE TO HIS HOLDING TWO POSITIONS MIGHT FORCE HIM TO MAKE A DECISION, WHICH, IN TURN, COULD AFFECT HIS LEADERSHIP ROLE. IF THE ALIGNMENT SHOULD LOSE ITS MAJORITY IN THE HISTADRUT, THE SELECTION OF SECRETARY GENERAL MIGHT BE MOVED TO THE HISTADRUT CONVENTION FLOOR, WHERE THE OUTCOME COULD BE UNCERTAIN. EVEN IF MESHEL RETAINS BOTH HIS KNESSET AND HISTADRUT POSITIONS, HE MAY BE FORCED TO DELEGATE MORE POWER AND RESPONSIBILITY TO THE NEXT HEAD OF THE TRADE UNION DEPARTMENT WHO TRADITIONALLY RANKS AS NUMBER TWO IN THE HISTADRUT. MESHEL IS NOT A MAN WHO READILY DELEGATES POWER AND RESPONSIBILITY. THUS, HIS PREFERENCE WOULD BE FOR A CANDIDATE WITH LITTLE POWER BASE IN THE LABOR MOVEMENT WHOM HE CAN

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EASILY CONTROL.

6. THERE ARE PRESENTLY THREE CANDIDATES REPORTEDLY COMPETING FOR THE TRADE UNION DEPARTMENT JOB WHO HAVE STRONG IDEAS FOR REFORMING THE LABOR MOVEMENT. THEY ARE ISRAEL KEISAR, THE TREASURER, WHO HAS BEEN QUITE ACTIVE IN TRADE UNION AFFAIRS, HEADING SEVERAL COMMITTEES OF INQUIRY AND MEDIATING MAJOR LABOR CONFLICTS; AHARON HAREL, THE CHAIRMAN OF THE ORGANIZATION DEPARTMENT, WHO ENJOYS EXTENSIVE CONTACTS WITH LOCAL LABOR COUNCILS; AND GIDEON BEN ISRAEL, THE CHAIRMAN OF THE PROFESSIONAL WORKERS' DEPARTMENT, WHO HAS BEEN A MK AND SENIOR OFFICIAL IN THE LABOR MINISTRY DEALING WITH INDUSTRIAL RELATIONS. MESHEL IS CURRENTLY TRYING TO BLUNT THE AMBITION OF ALL THREE, AS WELL AS OF URIEL ABRAMOWITZ, THE CURRENT CHAIRMAN OF THE TRADE UNION DEPARTMENT.

7. ACCORDING TO NEWSPAPER REPORTS AND CLOSE ASSOCIATES, MESHEL HAS TRIED TO PERSUADE AMOS EIRAN, HIS FORMER ASSISTANT WHO BECAME DIRECTOR GENERAL OF THE PRIME MINISTER'S OFFICE UNDER RABIN, TO ASSUME THE ROLE AS HIS HEIR APPARNT. HOWEVER, EIRAN IS AWARE OF THE POTENTIAL RISK OF TRYING TO MOVE INTO THE TOP HISTADRUT POSITION UNDER MESHEL'S PROTECTION WITHOUT STRONG LABOR PARTY AND TRADE UNION SUPPORT AND

HAS REPORTEDLY INDICATED HIS PREFERENCE FOR A KEY MANAGEMENT POSITION IN HOVRAT OVDIM, THE BIG HOLDING COMPANY CONTROLLING HISTADRUT ECONOMIC ACTIVITIES.

8. TO SUM UP, THERE IS WIDESPREAD EXPECTATION THAT STRAINS AMOUN THE HISTADRUT, THE LABOR PARTY AND THE GOVERNMENT ARE LIKELY TO BE REVIVED BY THE FORMING OF A NEW COALITION GOVERNEMNT FOLLOWING THE KNESSET ELECTIONS.UNDERLYING THESE STRAINS WILL BE THE RESTRUCTURING OF THE LABOR PARTY NOW IN PROGRESS AND THE WIDELY CONFIDENTIAL

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PREDICTED CONTEST OF STRENGTH BETWEEN THE UNIONS AND THE GOVERNMENT OVER LABOR LEGISLATION, ECONOMIC POLICY, WAGES, SUBSIDIES, AND EMPLOYMENT. THIS COULD ALSO AFFECT THE TIES BETWEEN THE LABOR PARTY AND MAPAM, AS WELL AS THE OTHER GOVERNMENT COALITION PARTERNERS, AND THUS BEAR ON THE STABILITY AND LIFE EXPECTANCY OF THE NEXT GOVERNMENT. HOW THESE CONFLICTS ARE HANDLED WILL DEPEND ON THE SKILL WITH WHICH THE NEW LEADERSHIP IS ABLE TO COPE WITH SUCH CHALLENGES, AND TO WHAT EXTENT IT CAN SATISFY THE GROWING CRAVING FOR A STRONG AND DECISIVE GOVERNMENT.
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